

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	
POTOMAC INSURANCE COMPANY of	)	Order D-2002-79
ILLINOIS,	)	
An Authorized Insurer	)	CONSENT ORDER
	)	
	)	
	)	
	)	

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FINDINGS OF FACT:

1. Potomac Insurance Company of Illinois ("Potomac") holds a certificate of authority which was duly and properly issued by the Washington state Insurance Commissioner. Potomac is therefore governed by the provisions of Title 48 RCW, the Insurance Code.
2. RCW 48.05.250 provides that each authorized insurer shall annually, before the first day of March, file with the Commissioner a true statement of its financial condition, transactions and affairs as of the thirty-first day of December preceding.
3. Potomac did not file with the Commissioner a true statement of its financial condition, transactions and affairs as of the thirty-first day of December, 2001, by March 1, 2002.
4. A letter dated March 14, 2002 was sent to Potomac, notifying it of its failure to timely file the annual statement required by RCW 48.05.250. The letter requested a written response no later than April 5, 2002, explaining the legal reason, if any, why the insurer's failure to file its annual statement by March 1, 2002, should not be referred for disciplinary proceedings as authorized RCW 48.05.250(3). No written response was received until April 8, 2002. The only reason given for the failure to timely file the annual report was "unanticipated delay", which does not excuse Potomac from the responsibility for complying with RCW 48.05.250.
5. In addition, Potomac also failed to timely file its annual report for the year 2000 by not later than March 1, 2001. As a result, the Commissioner issued Consent Order D-2001-70 to Potomac. That Order fined the insurer Two Hundred Fifty Dollars and suspended an additional amount of Seven Hundred Fifty Dollars on condition that Potomac comply with certain conditions specified in the Conditions Section of Consent Order D-2001-70. One of these was that Potomac shall file the statement required by RCW 48.05.250 for the year ending December 31, 2001 no later than the last day of February, 2002.

CONCLUSIONS OF LAW:

1. By failing to file with the Commissioner before March 1, 2002, a true statement of its financial condition, transactions and affairs as of the thirty-first day of December, 2001, Potomac Insurance Company of Illinois violated RCW 48.05.250.
2. By this failure to timely file its 2001 annual report before March 1, 2002, Potomac also violated the condition it agreed to in Consent Order D-2001-70. According to the terms of that Order, this made Potomac liable to the imposition of a fine of Seven Hundred Fifty Dollars, which had been suspended by that Order.
3. By failing to respond timely to the letter of March 14, 2002, Potomac violated WAC 284-30-650.

CONSENT TO ORDER:

Potomac Insurance Company of Illinois hereby admits to the foregoing Findings of Fact and Conclusions of Law. Potomac acknowledges its duty to comply with all applicable laws and regulations of the State of Washington.

The Commissioner has offered a settlement in lieu of suspending or revoking Potomac's certificate of authority pursuant to RCW 48.05.250(3). Potomac accepts the proposed settlement, in lieu of further proceedings in this matter.

By agreement of the parties, the Commissioner will impose a fine of Seven Hundred Fifty Dollars and no/100 ( \$750.00 ) upon Potomac for the violations set forth herein, and for its failure to timely respond to the letter of March 14, 2002.

EXECUTED AND AGREED this 13<sup>th</sup> day of May, 2002.

POTOMAC INSURANCE COMPANY OF ILLINOIS

\_\_\_\_\_  
Typed Name: \_\_\_\_\_

Typed Corporate Title: \_\_\_\_\_

ORDER:

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of Seven Hundred Fifty Dollars and no'100 ( \$750.00 ) upon Potomac Insurance Company of Illinois. This fine must be paid in full within thirty days of the date of entry of this Order. Failure to pay this fine timely and in full shall constitute grounds for revocation of the certificate of authority held by Potomac Insurance Company of Illinois in the state of Washington, and for recovery of the fine of \$750.00 in a civil action brought by the Attorney General on behalf of the Insurance Commissioner.

ENTERED AT LACEY, WASHINGTON, this 28<sup>th</sup> day of May, 2002.

MIKE KREIDLER  
Insurance Commissioner

By: \_\_\_\_\_

James T. Odiorne  
Deputy Insurance Commissioner  
Company Supervision